

## **Assembly Bill No. 1402**

### **CHAPTER 398**

An act to amend Section 11265.3 of the Welfare and Institutions Code, and to amend Section 71 of Chapter 1022 of the Statutes of 2002, relating to CalWORKs.

[Approved by Governor September 16, 2003. Filed  
with Secretary of State September 17, 2003.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

**AB 1402, Wolk. CalWORKs program: eligibility.**

Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states. Existing law provides for the California Work Opportunity and Responsibility to Kids (CalWORKs) program for the allocation of federal funds received through the TANF program, under which each county provides cash assistance and other benefits to qualified low-income families and individuals who meet specified eligibility criteria.

Existing law requires an annual redetermination of eligibility for benefits under the CalWORKs and food stamp programs, and, in addition to the requirement for the annual redetermination of eligibility, requires the State Department of Social Services to establish regulations consistent with federal law to implement a quarterly recipient reporting system for use in determining eligibility and the amount of the grant.

Existing law establishes procedures to determine the eligibility of a CalWORKs or food stamp recipient when a change in the monthly income is reported.

This bill would revise these procedures. It would authorize the department, until July 1, 2004, to implement these revised procedures through an all-county letter or similar instructions from the Director of Social Services, and to adopt regulations as otherwise necessary to implement these provisions by no later than July 1, 2004. By requiring counties to revise the procedures for making that determination, this bill would create a state-mandated local program.

The bill would also require the department, in consultation with the County Welfare Directors Association, to report to the relevant policy and fiscal committees of the Legislature in April 2005 regarding the effects upon program efficiency and integrity of implementation of certain revised reporting procedures, and to determine the data collection needs required to assess the effects of these procedures.

Existing law continuously appropriates moneys from the General Fund to defray a portion of county costs under the CalWORKs program.

This bill, instead, would provide that the continuous appropriation would not be made for purposes of funding the above revisions to eligibility procedures.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

*The people of the State of California do enact as follows:*

SECTION 1. Section 11265.3 of the Welfare and Institutions Code is amended to read:

11265.3. (a) In addition to submitting the quarterly report form as required in Section 11265.1, during the quarterly reporting period, a recipient shall report the following changes to the county orally or in writing, within 10 days of the change:

(1) The receipt at any time during a quarterly reporting period of income, as provided by the department, in an amount that is likely to render the recipient ineligible, as provided by the department.

(2) The occurrence at any time during a quarterly reporting period of a drug felony conviction as specified in Section 11251.3.

(3) The occurrence, at any time during a quarterly reporting period, of an individual fleeing prosecution or custody or confinement, or violating a condition of probation or parole as specified in Section 11486.5.

(b) Counties shall inform each recipient of the duty to report under paragraph (1) of subdivision (a), the consequences of failing to report, and the amount of income likely to render the family ineligible for benefits no less frequently than once per quarter.

(c) When a recipient reports income pursuant to paragraph (1) of subdivision (a) the county shall redetermine eligibility and grant amounts as follows:

(1) If the recipient reports a change for the first or second month of a current quarterly reporting period, the county shall verify the report and determine if the recipient is financially ineligible. If the recipient is



determined to be financially ineligible based on this income, the county shall discontinue the recipient after timely and adequate notice in accordance with rules applicable to the federal Food Stamp program.

(2) If the recipient reports a change for the third month of a current quarterly reporting period, the county shall not redetermine eligibility for the current quarterly reporting period, but shall redetermine eligibility and grant amount for the following quarterly reporting period as provided in Section 11265.2.

(d) (1) During the quarterly reporting period, a recipient may report to the county, orally or in writing, any changes in income or household circumstances that may increase the recipient's grant.

(2) Counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. Reported changes in income that increase the grant shall be effective for the entire month in which the change is reported. If the reported change in income results in an increase in benefits, the county shall issue the increased benefit amount within 10 days of receiving required verification.

(3) (A) When a decrease in gross monthly income is voluntarily reported and verified, the county shall redetermine the grant for the current month and any remaining months in the quarterly reporting period by averaging the actual gross monthly income reported and verified from the voluntary report for the current month and the gross monthly income that is reasonably anticipated for any future month remaining in the quarterly reporting period.

(B) When the average is determined pursuant to subparagraph (A), and a grant amount is calculated based upon the averaged income, if the grant amount is higher than the grant currently in effect, the county shall revise the grant for the current month and any remaining months in the quarter to the higher amount and shall issue any increased benefit amount as provided in paragraph (2).

(4) Except as provided in subdivision (e), counties shall act only upon changes in household composition voluntarily reported by the recipients during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. If the reported change in household composition is for the first or second month of the quarterly reporting period and results in an increase in benefits, the county shall redetermine the grant effective for the month following the month in which the change was reported. If the reported change in household composition is for the third month of a quarterly reporting period, the county shall not redetermine the grant for the current quarterly reporting period, but shall redetermine the grant for the following reporting period as provided in Section 11265.2.



(e) During the quarterly reporting period, a recipient may request that the county discontinue the recipient's entire assistance unit or any individual member of the assistance unit who is no longer in the home or is an optional member of the assistance unit. If the recipient's request was verbal, the county shall provide a 10-day notice before discontinuing benefits. If the recipient's report was in writing, the county shall discontinue benefits effective the end of the month in which the request is made, and simultaneously issue a notice informing the recipient of the discontinuance.

(f) The department, in consultation with the County Welfare Directors Association (CWDA), shall report to the relevant policy and fiscal committees of the Legislature in April 2005 regarding the effects upon program efficiency and integrity of implementation of the midquarter reporting requirement set forth in subdivision (a). The report shall be based on data collected by CWDA and select counties. The department, in consultation with CWDA, shall determine the data collection needs required to assess the effects of the specified midquarter report.

SEC. 2. No appropriation pursuant to Section 15200 of the Welfare and Institutions Code shall be made for the purpose of funding the changes required by the amendments made to Section 11265.3 of the Welfare and Institutions Code by Section 1 of this act.

SEC. 3. Section 71 of Chapter 1022 of the Statutes of 2002 is amended to read:

Sec. 71. (a) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), until July 1, 2004, the department may implement a CalWORKs and Food Stamp reporting and budgeting system, as described in Chapter 1022 of the Statutes of 2002 and modified by Chapter 1024 of the Statutes of 2002 and by the amendments to Section 11265.3 of the Welfare and Institutions Code made by the act amending this section during the 2003 portion of the 2003–04 Regular Session of the Legislature, through an all county letter or similar instructions from the director, developed in consultation with the County Welfare Directors Association, the Western Center on Law and Poverty, and other interested stakeholders as determined by the department.

(b) The department shall adopt regulations as otherwise necessary to implement those provisions of this act no later than July 1, 2004. Emergency regulations adopted for implementation of this act may be adopted by the director in accordance with the Administrative Procedure Act. The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and



necessary for immediate preservation of the public peace, health and safety, or general welfare. Initial emergency regulations and the first readoption of those emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days.

SEC. 4. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

